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September 9, 2002

VIA OVERNIGHT MAIL

Mr. David Waddell
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 32743-0505

Re: Budget Phone, Inc.
Docket No. 02-00885

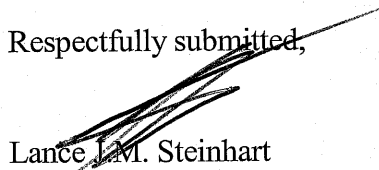
Dear Mr. Waddell:

Pursuant to a letter from Joe Werner dated September 4, 2002, I provide the following information:

1. There is no capital investment required in Tennessee for either network or UNE-Ps. The company will have no facilities in the State of Tennessee, as stated in its application (see TN projections filed under seal), and the UNE-P platform will allow the company to purchase services from the ILECs at a lower cost than they currently do under resale.
2. No funding will be needed to provide the UNE-Ps. As demonstrated from the historical financial statements filed under seal, the company is profitable, has no debt, and any required capital will come from cash flow from operations.

I have also enclosed an extra copy of this letter to be date stamped and returned to me in the enclosed, self-addressed, postage prepaid envelope. If you have any questions or if I may provide you with any additional information, please do not hesitate to contact me. Thank you.

Respectfully submitted,


Lance J.M. Steinhart
Attorney for Budget Phone, Inc.

Enclosures

cc: Leigh Woodruff (w/enc)
Joe Werner, Chief, Telecommunications Division